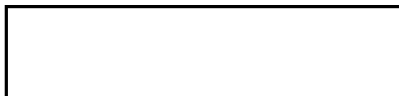


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BIWEEKLY REPORT

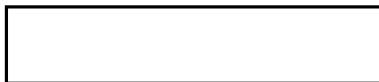
**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

EIC-WGR 1/113

6 June 1960

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE



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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

**Printed and Disseminated by the
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Summary of Events
20 May - 2 June 1960

The USSR has recently extended a credit of \$45 million to Iraq for construction work on the Baghdad-Basra railroad. The new credit is a response by the USSR to Iraq's critical need for a satisfactory transportation link between its two most important economic centers. Popular dissatisfaction with present economic conditions in Iraq has created pressures on the Kassem regime and also has affected adversely the pace of the Soviet aid program. Rapid and efficient implementation of the new Soviet credit, therefore, is of vital interest to both the Iraqi and the Soviet Governments.

After a delay of a year the USSR reportedly has agreed to provide the Air Force of the United Arab Republic (UAR) with MIG-19 aircraft. There are indications that the UAR also will acquire other military items from the Bloc in the near future.

Tunisia has announced the signing of a trade agreement with East Germany. This move, in conjunction with several other developments, represents Tunisia's effort to assume a more neutralist foreign policy position, to expand the number of its trading partners, and thereby to improve its bargaining position with the West with respect to aid.

Burma has accepted a Czechoslovak offer of a line of credit of \$10 million for the purchase of capital goods, in particular to set up new plants to produce chemical fertilizers, sugar, tile, and cement.

A recently signed Soviet-Ceylonese contract provides for the preparation by Soviet technicians of designs for a flour mill and a grain elevator. This contract is the sixth to be concluded in connection with the 16 projects provided for under the Soviet credit of \$30 million extended in February 1958.

Under a new protocol to the \$100 million Soviet-Argentine credit agreement of October 1958, Argentina may use \$50 million for the purchase of transportation equipment and other machinery. The credit originally was to be used exclusively by Argentina's government petroleum company.

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